June 24, 2026

Representative Marsh, Chair
Representative Breese-Iverson, Andersen, Vice-Chairs

House Committee on Housing and Homelessness
900 Court Street NE
Salem, OR 97301

RE: Preservation Presentation, 6/16/26

We at Oregon Housing and Community Services (OHCS) are grateful for our continued partnership with the Oregon Legislature and your Committee as we continue to respond to and prevent homelessness in our communities. Thank you for your time and thoughtful questions during this week's committee meeting and during our Preservation Presentation.

While we were able to respond to most of your questions during the hearing, we wanted to provide additional information via written responses:

Property Stabilization and HOLD Presentation

Rep. Wise asked about the gap between current preservation dollars and the need.

Estimating the cost of the State's affordable rental housing preservation needs is inherently challenging given the variety of project financial circumstances as well as solutions.

Wherever possible, OHCS would seek to leverage private equity or debt to support the project preservation needs. While the Project Stabilization Investment (PSI) structures have focused on resolving the operational budget challenges with project debt-buydown with up to $2 million per project (scaled to project size by limiting per unit subsidy to 25k), not all financial challenges will be solved through that lighter touch investment. Further, debt buy-down funding is provided to lenders who, in practical form, receive their full expected economic return through state appropriation, instead of carrying the consequences of the financial performance of their investments. When these lenders are relied upon by nonprofit owners to negotiate terms for both the project loans and the state subsidy, the state has not been able to achieve a meaningful balance in distributing risk impacts without putting those same projects at greater risk.

As OHCS considers the funding necessary to address broader preservation needs, we want to be clear that while there is a strong drive for additional PSI investments, we do not see

this as the solvent for all of the financial risks in the state. For projects or organizations with more extensive portfolio challenges, OHCS views structuring the investment solution to include more substantial financial tools as the more appropriate path toward stewarding both portfolios and public funds. This includes utilization of tax credit equity that would leverage performance across many projects, versus relying alone on buying down debt in individual struggling projects.

The below assessment is based on high level assumptions related to the potential costs of resolving imminent risk of loss to the portfolio by using general subsidy figures which are based on the aggregate need, instead of a specific subsidy tool for response.

Risk Type	Imminent need	Low-Cost / unit estimate	High-Cost / unit estimate
1- Expiration of federal project-based rent assistance in affordable rental housing projects	The Publicly Supported Housing Inventory indicates 2,255 units will lose affordability between 2027 and 2029	*~75k / unit* ~ $170 M total	*~125k / unit* ~ $280 M total
2- Expiration of other project affordability restrictions in regulated affordable rental housing			
3- Physical conditions challenges that threaten properties' long-term viability as affordable housing	OHCS Portfolio Risk Assessment data identifies 38 properties with 2,350 units that have serious property maintenance issues and capital needs that threaten long-term viability.	*~75k / unit* *Assuming half of these are represented in the above imminent expirations number, the additional cost for these needs total:* ~ $88 M	*~125k / unit* *Assuming half of these are represented in the above imminent expirations number, the additional cost for these needs total:* ~ $145 M
4- Financial challenges that threaten properties' long-term viability as affordable housing	33% of projects in our most recent Financial Reporting Analysis fall into this category, translating to approximately 16,000 units.	*~ 15k / unit* *Assuming 3,000 of these units with financial risk are represented in the above risk categories, the additional costs for these needs totals:* ~ $190 M	*~ 30k / unit* *Assuming 3,000 of these units with financial risk are represented in the above risk categories, the additional costs for these needs totals:* ~ $390 M
Total Affordable Rental Housing Preservation Need Estimate		**~ $448 M**	**~ $815 M**

Finally, quantifying the risk of loss of naturally occurring affordable housing within manufactured home parks (also known as manufactured dwelling parks) is also difficult. There are currently 69,549 homes in 1,205 parks across the state, according to legislatively

mandated reports from owners to OHCS. From 2024-2025, OHCS was notified of 52 manufactured park sales amounting to 2589 households at risk of displacement. While this does not include parks with owners who failed to report to OHCS and not all these parks would be good candidates for preservation, it gives a sense of ownership turnover across the state.